

FISCAL NOTE

SB 344 - HB 1278

March 16, 2001

SUMMARY OF BILL:

- Authorizes the Local Education Insurance Committee to establish rules and regulations governing the amounts paid for health insurance by the local education agencies for health insurance for non-instructional employees including, but not limited to, nurses, teaching assistants, school secretaries, system secretaries, custodians, transportation personnel, and maintenance and operation personnel.
- Requires the local education agency to pay the portion of the premium specified in the General Appropriations Act.
- Requires the local education insurance committee to certify such amounts to the Commissioner of Education and the director of each local education agency each fiscal year.
- Under current law, the Basic Education Program formula includes a factor providing for payment of 45% of health insurance premiums for teachers and 30% of premiums for non-instructional employees. The amount is determined through the use of the aggregate average premiums for participants in the state sponsored Local Education Plan. The amount included in the BEP for instructional positions is required to be provided to those individuals participating in health insurance pursuant to TCA 8-27-303(a)(1). There is no such requirement for individuals employed in non-instructional positions.

ESTIMATED FISCAL IMPACT:

Increase Local Govt. Expenditures - Exceeds \$100,000

The total increase in local government expenditures cannot be determined but is estimated to exceed \$100,000 based on the following factors:

- If the cost of providing health insurance coverage for non-instructional employees increases above the current contribution amount provided by the state through the BEP formula to Local Education Agencies, the LEA would have to increase the contributions paid on behalf of this group of employees.
- Depending on how the premium costs are allocated between the employee and the LEA, additional employees may select family coverage, which would require a greater employer contribution than would have been required, if the employee chose individual coverage only.
- Additional employees would participate in the health insurance plan that may have chosen not to participate if the LEA were not required to pay the additional premium cost.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director